



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 99**
Streamlining Draft **AGOPRM 35**

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| Date: March 4, 2010 8:21 AM | Author: |
| Dept./Agy.: Health and Hospitals | Analyst: Charley Rome |
| Subject: Privatize secure residential services | |

This recommendation proposes that the Department of Health and Hospitals write a Request for Proposal (RFP) to privatize secure residential services for persons found “Not Guilty by Reason of Insanity” and the “Lockhart” population.

| EXPENDITURES | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 5 -YEAR TOTAL |
|----------------|----------|----------|----------|----------|----------|---------------|
| State Gen. Fd. | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 5 -YEAR TOTAL |
|----------------|---------|---------|---------|---------|---------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

State general fund and IAT (Disproportionate Share “DSH”) governmental expenditures will decrease by an estimated \$6.1 million in FY 2011 and thereafter based on information provided by the Office of Mental Health (OMH) and the Department of Health and Hospitals (DHH). However, the Executive Budget does not include information on estimated savings attributable to implementation of this Streamlining recommendation and the Legislative Fiscal Office (LFO) was unable to attribute the \$6.1 million in savings to corresponding SGF and IAT (Disproportionate Share “DSH”) means of finance.

The FY 2011 Executive Budget states that the Office of Mental Health (OMH) will issue a Request for Proposal (RFP) to determine the feasibility of privatizing Central Louisiana State Hospital (CLSH) forensic functions. The FY 2011 Executive Budget also includes an estimated cost of \$1,484,519 funded with SGF to fund 53 privatized secure beds at CLSH at a cost of \$77 per bed per day. As stated in the first paragraph, the LFO was unable to verify the means of finance associated with DHH/OMH’s estimated net savings of \$3.1 million per year from privatizing these secure beds at CLSH.

The FY 2011 Executive Budget states that the Office of Mental Health (OMH) will issue a Request for Proposal (RFP) to determine the feasibility of privatizing secure forensic beds at Eastern Louisiana State Hospital (ELSH). The FY 2011 Executive Budget also includes an estimated cost of \$2,946,881 funded with SGF to fund 82 privatized secure forensic beds at ELSH at a cost of \$98 per bed per day. As stated in the first paragraph, the LFO was unable to verify the means of finance associated with DHH/OMH’s estimated net savings of \$3.0 million per year from privatizing these secure beds at ELSH.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| Senate | Dual Referral Rules | House | |
| <input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease | H. Gordon Monk Legislative Fiscal Officer |